

**Region XII Council of Governments, Inc.  
and Affiliated Organizations  
Carroll, Iowa**

**Independent Auditor's Reports  
Financial Statements and Supplemental Information  
Schedule of Findings and Questioned Costs**

**June 30, 2004**

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REGION XII COUNCIL OF GOVERNMENTS, INC.  
BOARD OF DIRECTORS AND OFFICERS

<u>Name</u>	<u>Title</u>
<u>Executive Board Members</u>	
Neil Trobak, Carroll, Ia	Chairperson
LaVerne Deist, Audubon, Ia	Vice Chairperson
Jack Bensley, Odebolt, Ia	Secretary
Guy Richardson, Jefferson, Ia	Treasurer
Jerry Caraher, Bayard, Ia	Board Member
Robert Lohrmann, Manilla, Ia	Board Member
<u>Policy Council Members</u>	
Audubon County:	
Jay Dee Mendenhall, Audubon, Ia	Board Member
Vernon Venteicher, Brayton, Ia	Board Member
Gene Karstens, Audubon, Ia	Board Member
Carroll County:	
Del McDermott, Carroll, Ia	Board Member
Neil Bock, Carroll, Ia	Board Member
Cindy Fay, Carroll, Ia	Board Member
Crawford County:	
Mary Lou Kraus, Westside, Ia	Board Member
Erasmus Lopez, Denison, Ia	Board Member
Loren Schultz, Denison, Ia	Board Member
Greene County:	
Terry Adams, Churdan, Ia	Board Member
Duane Larson, Jamaica, Ia	Board Member
Katie Towers, Carroll, Ia	Board Member
Guthrie County:	
Sue Cosner, Panora, Ia	Board Member
Dennis Kunkle, Guthrie Center, Ia	Board Member
Luann Waldo, Panora, Ia	Board Member
Sac County:	
Frank Koth, Schaller, Ia	Board Member
Joan Godbersen, Odebolt, Ia	Board Member
Berniece Coil, Wall Lake, Ia	Board Member

Region XII Council of Governments, Inc. Officers

Richard Hunsaker	Executive Director
James Burns	Transit Director
Karen Burchfield	Workforce Development Director
Kathleen Pauli	Fiscal Officer II
Joe Behrens	Local Assistance Director

In January of each year, each member of the County Board of Supervisors shall appoint or reappoint three local elected officials or persons responsible to local elected officials to serve at least one year as their County COG representative. One of the three shall be designated Chairperson of that group and shall be designated an officer candidate and member of the COG Executive Board.

# John D. Morrow

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Iowa  
Society

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November 23, 2004

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Region XII Council of Governments, Inc.  
Carroll, Iowa

I have audited the accompanying combined financial statements, listed as exhibits in the table of contents of this report, of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years then ended June 30, 2004 and 2003. These combined financial statements are the responsibility of the COG's management. My responsibility is to express an opinion on these combined financial statements based on my audit.

I conducted the audit in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., as of and for the years ended June 30, 2004 and 2003, and the results of its operations, changes in net assets, and cash flow in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my reports dated November 23, 2004, on my consideration of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc.'s, internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The audit was performed for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental information included in Schedules 1 through 27, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analyses and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the aforementioned combined financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole.

## COMBINED FINANCIAL STATEMENTS

REGION XII COUNCIL OF GOVERNMENTS, INC.  
COMBINED STATEMENTS OF FINANCIAL POSITION  
June 30, 2004

	Region XII Council of <u>Governments</u>	<u>Affiliated Organizations</u> Council of Governments <u>Housing</u>	Region XII Development <u>Corporation</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 2,167,759	\$ 101,129	\$ 498,860
Receivables:			
Grantor agencies	236,036	0	0
Other sources	175,443	0	0
Other funds	204,532	25,810	1,793
Prepaid expense	<u>4,608</u>	<u>0</u>	<u>0</u>
Total Current Assets	<u>2,788,378</u>	<u>126,939</u>	<u>500,653</u>
PROPERTY AND EQUIPMENT			
Land & building	1,579,355	0	0
Vehicles	1,628,342	0	0
Office equipment	<u>261,385</u>	<u>0</u>	<u>0</u>
	3,469,082	0	0
Less accumulated depreciation	<u>1,418,551</u>	<u>0</u>	<u>0</u>
	<u>2,050,531</u>	<u>0</u>	<u>0</u>
OTHER ASSETS			
Receivable from future claims or reimbursements	165,672	0	0
Housing program loans	2,215,817	0	0
Business enterprise loans	<u>0</u>	<u>0</u>	<u>1,212,597</u>
	<u>\$ 7,220,398</u>	<u>\$ 126,939</u>	<u>\$ 1,713,250</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 105,314	\$ 1,633	\$ 0
Notes payable	104,300	0	0
Current portion of long-term debt	8,026	0	4,615
Accrued payroll and benefits	76,976	0	0
Accrued annual leave payable	70,125	0	0
Due to other funds	232,135	0	0
Deferred Revenue	219,999	117,764	0
Capital match deposits	<u>91,590</u>	<u>0</u>	<u>0</u>
Total current liabilities	908,465	119,397	4,615
LONG TERM LIABILITIES			
Note payable	24,000	0	580,352
NET ASSETS			
Unrestricted Net Assets			
Unreserved net assets	1,939,875	7,542	( 84,314)
Health insurance reserve	81,710	0	0
Reserve for loans	2,215,817	0	1,212,597
Investment in property and equipment	2,050,531	0	0
Temporarily Restricted Net Assets	0	0	0
Permanently Restricted Net Assets	<u>0</u>	<u>0</u>	<u>0</u>
	<u>6,287,933</u>	<u>7,542</u>	<u>1,128,283</u>
	<u>\$ 7,220,398</u>	<u>\$ 126,939</u>	<u>\$ 1,713,250</u>

See accompanying Notes to Financial Statements.

Exhibit A

## Total Columns (Memorandum Only)

June 30, 2004      June 30, 2003

\$ 2,767,748      \$ 2,559,812

236,036      142,745

175,443      264,563

232,135      104,041

4,608      105,1493,415,970      3,176,310

1,579,355      1,291,900

1,628,342      1,569,141

261,385      269,976

3,469,082      3,131,017

1,418,551      1,363,0042,050,531      1,768,013

165,672      107,346

2,215,817      1,889,853

1,212,597      1,025,781\$ 9,060,587      \$ 7,967,303

\$ 106,947      \$ 138,565

104,300      263,100

12,641      7,390

76,976      54,292

70,125      69,497

232,135      104,041

337,763      239,624

91,590      85,245

1,032,477      961,754

604,352      400,357

1,863,103      1,859,154

81,710      62,391

3,428,414      2,915,634

2,050,531      1,768,013

0      0

0      07,423,758      \$ 6,605,192\$ 9,060,587      \$ 7,967,303

REGION XII COUNCIL OF GOVERNMENTS, INC.  
COMBINED STATEMENTS OF ACTIVITY  
Year ended June 30, 2004

	Region XII Council of <u>Governments</u>	<u>Affiliated Organizations</u> Council of Governments <u>Housing</u>	Region XII Development <u>Corporation</u>
Revenues:			
Governmental funding sources:			
Dept. of Transportation	\$ 899,765	\$ 0	\$ 0
Dept. of Economic Develop.	184,304	0	0
Iowa Workforce Development	428,906	0	0
Dept. of Commerce	51,000	0	0
Dept. of Agriculture	47,566	0	192,000
Dept. of Human Services	74,380	0	0
Dept of Human Rights	29,193	0	0
Iowa Finance Authority	53,074	100,000	0
Dept. of Public Health	12,260	0	0
SDA 11 - CIETC	11,740	0	0
Elderbridge Agency on Aging	33,220	0	0
United Way	4,387	0	0
Partnership 4 Families Empowerment	483,759	0	0
Public support & contributions	2,521,044	700	190,769
Matching funds	142,996	25,000	0
Interest income	91,345	5,363	71,283
Other revenues	23,606	0	3,991
Investment in property & equip.	486,848	0	0
Total Revenue	<u>5,579,393</u>	<u>131,063</u>	<u>458,043</u>
Expenses:			
Local Administrative Funds	1,779,711	0	0
Rural Transit System	1,764,844	0	0
Workforce Development	440,646	0	0
Rural Community Dev. Incentive	73,822	0	0
Carroll Area New Workforce	23,950	0	0
Housing Preservation Grant	61,532	0	0
Economic Development Planning	68,000	0	0
Acquisition/Demolition/New Const.	90,066	0	0
Decategorization programs	74,380	0	0
Promoting Safe/Stable Families	0	0	0
Juvenile Justice Youth Dev.	29,193	0	0
Lead Base Paint & Lead Poisoning	32,727	0	0
Dry Hydrant Grant Programs	0	0	0
Partnership 4 Families Empowerment	547,776	0	0
Council of Governments-Housing	0	25,350	0
Region XII Development Corp.	0	0	433,890
Depreciation	204,330	0	0
Total Expenses	<u>5,190,977</u>	<u>25,350</u>	<u>433,890</u>
Revenue over (under) expenses	388,416	105,713	24,153
Beginning of year	<u>1,888,304</u>	<u>19,593</u>	<u>83,534</u>
Total (Memorandum Only)	\$ <u>2,276,720</u>	\$ <u>125,306</u>	\$ <u>107,687</u>
Recap of Total (Memorandum Only)			
Receivable from future claims	\$ ( 165,672)	\$ 0	\$ 0
Deferred revenue	\$ 219,999	\$ 117,764	\$ 0
Net Assets	\$ 1,939,875	\$ 7,542	\$ ( 84,314)
Plant Fund	\$ 282,518	\$ 0	\$ 0
Note Payable	\$ 0	\$ 0	\$ 192,000

See accompanying Notes to Financial Statements.



Exhibit B

## Total Column (Memorandum Only)

June 30, 2004      June 30, 2003

\$ 899,765      \$ 556,039

184,304      133,070

428,906      408,382

51,000      51,000

239,566      280,160

74,380      8,003

29,193      46,600

153,074      79,144

12,260      8,418

11,740      19,925

33,220      34,500

4,387      4,500

483,759      618,380

2,712,513      2,305,916

167,996      55,537

167,991      160,883

27,597      26,533

486,848      106,0146,168,499      4,903,004

1,779,711      1,425,117

1,764,844      1,305,005

440,646      428,299

73,822      80,220

23,950      9,463

61,532      63,876

68,000      68,179

90,066      90,280

74,380      0

0      8,003

29,193      46,600

32,727      22,901

0      4,510

547,776      862,932

25,350      7,591

433,890      245,436

204,330      196,5865,650,217      4,864,998

518,282      38,006

1,991,431      3,857,151\$ 2,509,713      \$ 3,895,157

\$ ( 165,672)      \$ ( 107,346)

\$ 337,763      \$ 239,624

\$ 1,863,103      \$ 3,627,167

\$ 282,518      \$

\$ 192,000      \$ 135,712

REGION XII COUNCIL OF GOVERNMENTS, INC.  
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2004

	Region XII Council of Governments	<u>Affiliated Organizations</u> Council of Governments Housing	Region XII Development Corporation
Salaries & wages	\$ 712,562	\$ 1,492	\$ 4,313
Employee benefits	221,875	459	1,294
Advertising & marketing	5,987	4	0
Accounting & legal	16,147	34	1,420
Insurance	18,548	31	138
Contracted services	650,418	1,999	0
Fees, dues & subscriptions	9,791	4	211
Postage	13,571	44	49
Printing	998	1	107
Rent	44,647	102	456
Telephone	18,193	24	103
Travel	63,235	88	231
Utilities	21,547	50	61
Office expense	39,619	159	752
Equipment maintenance	2,866	29	14
Equipment rental	22,857	104	86
Facility maintenance	8,589	13	83
Board expense	4,978	71	711
Registration fees	10,439	182	74
Drivers' wages & benefits	682,525	0	0
Vehicle fuel & other costs	194,260	0	0
Vehicle insurance	79,429	0	0
Purchased services	109,896	0	0
Participant loans & grants	1,110,559	4,460	419,500
Training supplies	314	0	0
Participant support	163,116	0	0
Plant, property, & equipment purchases	497,071	0	0
Interest	10	0	4,287
Matching funds expended	262,600	16,000	0
Depreciation	<u>204,330</u>	<u>0</u>	<u>0</u>
Total Expenses	\$ <u>5,190,977</u>	\$ <u>25,350</u>	\$ <u>433,890</u>

See accompanying Notes to Financial Statements.

Total Column (Memorandum Only)  
June 30, 2004      June 30, 2003

\$ 718,367	\$ 682,163
223,628	206,597
5,991	9,168
17,601	12,456
18,717	8,435
652,417	934,435
10,006	6,798
13,664	9,736
1,106	1,152
45,205	46,069
18,320	18,885
63,554	63,722
21,658	16,803
40,530	37,110
2,909	4,232
23,047	9,357
8,685	10,880
5,760	6,583
10,695	9,228
682,525	615,017
194,260	189,461
79,429	95,694
109,896	94,310
1,534,519	1,220,417
314	302
163,116	122,131
497,071	130,417
4,297	2,706
278,600	104,148
<u>204,330</u>	<u>196,586</u>
\$ <u><u>5,650,217</u></u>	\$ <u><u>4,864,998</u></u>

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 COMBINED STATEMENTS OF CASH FLOW  
 Year Ended June 30, 2004

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Resources Provided (Used) By:		
Cash Flow from Operating Activities:		
Revenue over expenses	\$ 518,282	\$ 38,006
Items not requiring outlays of cash:		
Depreciation	204,330	196,586
Change in Operating Assets & Liabilities:		
Accounts receivable	( 4,171)	( 85,746)
Prepaid expenses	100,541	( 100,115)
Accounts payable	( 31,618)	( 37,194)
Accrual payroll and benefits	22,684	( 1,693)
Accrual annual leave	628	4,326
	<u>810,676</u>	<u>14,170</u>
Cash Flow From Investing Activities:		
Purchase of property and equipment	( 486,848)	( 106,014)
Self insurance - health insurance reserve	19,319	28,896
	<u>( 467,529)</u>	<u>( 77,118)</u>
Cash Flow From Financing Activities:		
Borrowing - short term notes	315,300	261,700
Borrowing - long term notes	24,698	0
Payments - short term notes	( 474,100)	( 56,900)
Payments - long term notes	( 7,454)	( 7,455)
Capital match deposits	6,345	25,877
	<u>( 135,211)</u>	<u>223,222</u>
Net Increase in Cash	207,936	160,274
Cash, Beginning of Year	<u>2,559,812</u>	<u>2,399,538</u>
Cash, End of Year	\$ <u>2,767,748</u>	\$ <u>2,559,812</u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004

Note 1 Nature of Activities and Significant Accounting Policies

A. Nature of Activities

Region XII Council of Governments, Inc. was created by a 28E agreement to service the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac.

The purposes for which the COG was organized are to provide joint services and facilities with other agencies to promote and assist the economic development of business concerns through growth and development and aid in development opportunities to the region, thereby increasing employment, business volume, and business payrolls. To accomplish these purposes, the COG has all the powers enumerated in the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code. In addition, the COG has the power and duty to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplication, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area.

Region XII Council of Governments, Inc., is the designated administrative agency, fiscal agent, and coordinating service provider for the Workforce Investment Act (WIA) in Iowa Workforce Development (IWD) Region 8. Region 8 includes the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. The COG shares it's Workforce Director with IWD for IWD Region 8, with the COG serving as the employer and the Workforce Director serving as IWD's Area Manager in addition to managing the COG's workforce staff. The COG is the fiscal agent for IWD in Region 8. The COG subcontracts with CIETC of Region 11 to provide services for a special health education grant in Audubon, Carroll, and Guthrie counties. The COG provides Promise Jobs case management for the counties of IWD Region 8. The cities of Perry and Redfield, Dallas County, are associate members of the COG. Region XII COG, Inc.'s Executive Board has the responsibility for all records which are included in these financial statements.

Region XII Council of Governments, Inc. owns and operates the Western Iowa Transit System. This rural transit system provides transit services to the elderly, handicapped, and the general public. Western Iowa Transit System operates in Audubon, Carroll, Crawford, Greene, Guthrie, and Sac counties and is recognized by the Department of Transportation as the regional transit organization. The mission of Western Iowa Transit System is to provide safe, dependable, and efficient public transit services for all citizens within its service area in a manner which will help them maintain and improve their quality of life.

Region XII Council of Governments (COG) serves as the Regional Planning Affiliation (RPA) for the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. As the RPA, the COG prepares all planning documents pursuant to transportation planning in the region, including the programming of regional federal funds for transportation. The COG is advised by a Transportation Advisory

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2004

Note 1. Nature of Activities and Significant Accounting Policies (continued)

A. Nature of Activities (continued)

Committee on all planning documents. Final decisions on these documents are made by the Policy Council of Region XII Council of Governments.

Region XII Council of Government assists the communities and counties in identifying housing needs. Once needs are identified, the organization will work with the necessary partners to achieve those goals. Examples of programs include various housing rehabilitation programs, down payment assistance, rental projects, new construction, development of lots for sale, and lead base paint & inspection services.

The organization is dependent on continued funding by Federal, State and local governmental bodies to provide the programs necessary to support the services and objectives set out above.

B. Affiliated Organizations

Council of Governments Housing, Inc. is a nonprofit corporation organized under Chapter 504A of the Iowa Code, and the objectives and purpose to be transacted and carried on are to promote the general social welfare of the community. In addition to the powers provided by Iowa law, this corporation shall be allowed to:

Acquire, construct, provide, and operate rental housing and related facilities suited to the special needs and living requirements of eligible occupants as determined by USDA Rural Development regulations, without regard to race, color, religion, sex, age, handicap, marital and familial status, or national origin; and Administer programs for the purpose of rehabilitation of owner-occupied or rental properties or other properties for the purpose of eliminating safety and health hazards and other activities necessary to improve the condition of the home for habitation; and Acquire, improve, and operate any real or personal property or interest or right herein or appurtenant thereto; to sell, convey, assign, mortgage, lease any real and personal property; and Borrow money and to execute such evidence of indebtedness and such contracts, agreements, and instruments as may be necessary, and to execute and deliver any mortgage, deed of trust, assignment of income, or other security instrument in connection therewith; and do all things necessary and appropriate for carrying out and exercising the foregoing purposes and powers.

Region XII Development Corporation, Inc., is a nonprofit corporation organized under Chapter 504A of the Iowa Code, and the objectives and purpose to be transacted and carried on are:

To further the economic development of the area community known as Region XII, said Region comprises the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac including the cities, and rural areas of said counties in the state of Iowa; and To aid in the development of the communities with the region; promoting and stimulating business opportunities and development,

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2004

Note 1 Nature of Activities and Significant Accounting Policies (continued)

B. Affiliated Organizations (continued)  
both new and existing; and

For charitable, educational and scientific purposes including, for such purposes, the making of distributions to organizations that qualify and exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, or the corresponding provision of any future United States revenue law; and

For any and all purposes permitted in the Iowa Nonprofit Corporation Act, Chapter 504A of the 1981 Code of Iowa and permitted under Section 501(c)(3) of the Internal Revenue Code.

C. Significant Accounting Policies

Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations, the accounts of the organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund program; however, in the accompanying financial statements, programs that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United State of America. Grant or contract revenue is recognized when earned. The grants and contracts are written on an expense reimbursement basis and accordingly, grant or contract revenue is earned when allowable program expenses are incurred. The financial statements present any funds received and not expended as deferred revenue. Expenses are recorded when the liability is incurred. Disbursements for the purchase of property and equipment which provide future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2004

Note 1 Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Basis of Presentation - Net assets and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the COG and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Assets, Liabilities and Net Assets - The following accounting policies are followed in preparing the combined statement of financial position.

Cash and Investments - Cash includes amounts in demand deposits, money market funds, and certificates of deposit.

Program Funds and Accounts Receivable - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Program funds and accounts receivable include amounts due to the COG but not received at year end.

Allowance for Doubtful Accounts - The direct write-off method is used to account for uncollectable housing and business loans. There is no provision for accounts receivable bad debts since all receivables are considered to be collectible.

Receivable from Future Claims or Reimbursements - This receivable represents an excess of expenses over revenue received from the funding source at year end.

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had been paid or received as of June 30, 2004, balances of inter-fund amounts have been recorded.

Property, Vehicles, and Equipment - Property, vehicles, and equipment are valued at historical cost. Property, vehicles, and equipment are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in property, vehicles, and equipment. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 50 years for real property and 5 to 10 years for vehicles and equipment. The depreciated cost of the property, vehicles, and equipment does not purport to be either a realizable value or a replacement value. Expenses for maintenance, repairs, and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed is deleted.



REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2004

Note 1. Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Annual Leave - Employees of the COG accumulate a limited amount of earned but unused annual leave payable to employees. Amounts representing the cost of annual leave expected to be liquidated currently are recorded as liabilities of the administrative fund or the program fund type. This liability has been computed based on current rates of pay.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Total Column - The total column on the combined statement of financial position and the combined statement of activity is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Cost Allocation - Region XII Council of Governments, Inc. has adopted a cost allocation plan to allocate joint costs to the various programs. Any cost which cannot be assigned directly to a program is allocated based upon the ratio of direct labor hours worked for the respective program, square feet of space used, gross wages for direct program costs, or other reasonable methods of allocation.

Budgetary Accounting - The COG is not required by statute to use budgetary accounting. Therefore, no budgetary information is included in these financial statements.

Income Taxes - Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations are exempt from Federal income taxes under provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from amounts estimated. These estimates involve useful lives for depreciation of assets, allowance for doubtful accounts, loss contingencies, and other estimating techniques as may be required to record effects of future events.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2004

Note 2 Support From Governmental Units

The COG receives substantially all of its support from Federal, State, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the COG's programs and activities.

Note 3 Leases

Region XII Council of Governments, Inc. sub-leases office facilities from the Iowa Workforce Development under a lease agreement which began December 31, 2002, and expires December 31, 2006.

The COG is obligated under other lease agreements accounted for as operating leases for equipment. In the event insufficient program funding occurs, these leases may be prematurely terminated with appropriate notice.

Total net rent expense for office facilities and garage space for the years ended June 30, 2004 and 2003 was \$ 5,928 and \$5,940 respectively.

Note 4 Pension and Retirement Benefits

The Region XII Council of Governments, Inc. contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117

Plan members are required to contribute 3.70% of their annual covered salary and the Region XII Council of Governments is required to contribute 5.75% of annual covered payroll except for law enforcement employees and police employees, in which case the percentages are higher. Contribution requirements are established by State statute. Region XII Council of Government's contribution to IPERS for the years ended June 30, 2004 and 2003 was \$68,868 and \$65,450 respectively, equal to the employer required contributions for each year. The total contribution to IPERS for the years ended June 30, 2004 and 2003 were \$113,184 and \$107,576 respectively.

Note 5 Contingent Liability - Medical Leave

The COG's full time and part time II employees accumulate medical leave hours for subsequent use. No compensation is made for accrued medical leave at time of separation and these accumulations are not recognized as expenses by the COG until used. The COG's approximate maximum liability for unrecognized medical leave benefits as of June 30, 2004 and 2003 was \$ 137,000 and \$128,000 respectively. The maximum allowable medical leave may accumulate to 90 days. An employee that has been employed at least 10 years may elect to covert 10 days of medical leave into annual leave. Two days of medical leave earned is then equal to one day of annual leave.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2004

Note 6 Organization Risk Management

Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The COG assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past year.

Note 7 Property, Vehicles, and Equipment

A summary of property, vehicles, equipment, and the components of accumulated depreciation, are as follows:

FISCAL YEAR END June 30, 2004

<u>Property &amp; Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 1,291,900	\$ 1,569,141	\$ 269,976	\$ 3,131,017
Additions	287,455	176,614	22,778	486,847
Disposals	<u>0</u>	<u>( 117,413)</u>	<u>( 31,369)</u>	<u>( 148,782)</u>
End of year	\$ <u>1,579,355</u>	\$ <u>1,628,342</u>	\$ <u>261,385</u>	\$ <u>3,469,082</u>
<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 119,816	\$ 1,115,657	\$ 127,531	\$ 1,363,004
Current deprec.	23,288	152,286	28,756	204,330
Disposal of assets	<u>0</u>	<u>( 117,413)</u>	<u>( 31,370)</u>	<u>( 148,783)</u>
End of year	\$ <u>143,104</u>	\$ <u>1,150,530</u>	\$ <u>124,917</u>	\$ <u>1,418,551</u>

FISCAL YEAR END June 30, 2003

<u>Property &amp; Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 1,234,611	\$ 1,598,181	\$ 250,607	\$ 3,083,399
Additions	57,289	19,300	29,425	106,014
Disposals	<u>0</u>	<u>( 48,340)</u>	<u>( 10,056)</u>	<u>( 58,396)</u>
End of year	\$ <u>1,291,900</u>	\$ <u>1,569,141</u>	\$ <u>269,976</u>	\$ <u>3,131,017</u>
<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 100,348	\$ 1,013,693	\$ 110,773	\$ 1,224,814
Current deprec.	19,468	150,304	26,814	196,586
Disposal of assets	<u>0</u>	<u>( 48,340)</u>	<u>( 10,056)</u>	<u>( 58,396)</u>
End of year	\$ <u>119,816</u>	\$ <u>1,115,657</u>	\$ <u>127,531</u>	\$ <u>1,363,004</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2004

Note 8 Housing and Business Enterprise Loans Receivable

The COG accounts for grant proceeds as revenue. Principal and interest payments received are accounted for as other program revenues when received. Loans and grants paid to families are treated as expenses at the time the loan is made to accommodate the required reporting format on quarterly reports.

Region XII Council of Governments administers Community Development Block Grants Revolving Loans (CDBG Loans) for various cities within Region XII. The loans are for down payment assistance or for a portion of the cost of housing rehabilitation.

Region XII Council of Governments administered the Department of Agriculture-Housing Preservation Grant (HPG Loans). The grant proceeds are used to maintain a low-interest revolving loan fund for low-income residents. Loans of up to \$5,000 per family, at varying interest rates, are used to make health and safety improvements to homes.

Region XII Council of Governments administers the Iowa Department of Economic Development Local Housing Assistance Program (LHAP Loans). LHAP funds are awarded for the purpose of providing a regional revolving loan fund to provide low-interest construction financing for new single-family housing.

Region XII Council of Governments administers the Iowa Finance Authority "Helping Iowa's Rural Economy" grant (HIRE Loans). The funds are for home ownership initiative down payment loans to provide financial assistance for the creation of affordable housing and economic development throughout the State of Iowa.

Region XII Council of Governments received a loan from the US Department of Agriculture Intermediary Relending Program (IRP Loans). The loan proceeds plus local match are to be used for business enterprise loans.

Region XII Development Corporation received a Department of Commerce - Title IX Long-Term Economic Deterioration Revolving Loan Program (EDA Loans). The grant proceeds are used for business enterprise loans.

Region XII Development Corporation received a Rural Business Enterprise Grant (RBEG Loans) for loan assistance to rural business enterprises.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2004

Note 8 Housing and Business Enterprise Loans Receivable (continued)

The balance of all loans is reflected as other assets on the combined statement of financial position. A summary of activity is as follows:

	<u>FISCAL YEAR June 30, 2004</u>				
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG Loans	\$ 1,079,919	\$ 250,840	\$ 6,602	\$ 356,985	\$ 1,179,462
HPG Loans	337,893	85,831	0	309,353	561,415
LHAP Loans	130,157	8,665	0	0	121,492
HIRE Loans	<u>341,883</u>	<u>37,989</u>	<u>0</u>	<u>49,554</u>	<u>353,448</u>
	<u>1,889,852</u>	<u>383,325</u>	<u>6,602</u>	<u>715,892</u>	<u>2,215,817</u>
<u>Region XII Development Corporation</u>					
IRP Loans	450,803	46,459	41,915	240,000	602,429
EDA Loans	458,391	120,138	0	99,500	437,753
RBEG Loans	<u>116,587</u>	<u>24,172</u>	<u>0</u>	<u>80,000</u>	<u>172,415</u>
	<u>1,025,781</u>	<u>190,769</u>	<u>41,915</u>	<u>419,500</u>	<u>1,212,597</u>
Total	\$ <u>2,915,633</u>	\$ <u>574,094</u>	\$ <u>48,517</u>	\$ <u>1,135,392</u>	\$ <u>3,428,414</u>

	<u>FISCAL YEAR June 30, 2003</u>				
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG Loans	\$ 1,194,712	\$ 202,301	\$ 0	\$ 87,508	\$ 1,079,919
HPG Loans	283,075	135,755	0	190,573	337,893
LHAP Loans	125,061	48,514	0	53,610	130,157
HIRE Loans	<u>373,612</u>	<u>31,729</u>	<u>0</u>	<u>0</u>	<u>341,883</u>
	<u>1,976,460</u>	<u>418,299</u>	<u>0</u>	<u>331,691</u>	<u>1,889,852</u>
<u>Region XII Development Corporation</u>					
IRP Loans	307,132	25,969	0	169,640	450,803
EDA Loans	363,720	67,389	0	162,060	458,391
RBEG Loans	<u>160,185</u>	<u>43,598</u>	<u>0</u>	<u>0</u>	<u>116,587</u>
	<u>831,037</u>	<u>136,956</u>	<u>0</u>	<u>331,700</u>	<u>1,025,781</u>
Total	\$ <u>2,807,497</u>	\$ <u>555,255</u>	\$ <u>0</u>	\$ <u>663,391</u>	\$ <u>2,915,633</u>

Note 9 Total Deposit Accounts Exceeding Insured Depository Limits

Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations maintain their checking, savings, and certificate of deposit accounts in various financial institutions. These financial institutions classify these deposits as public funds and are subject to the guidelines referred to in Chapter 12C of the Code of Iowa.

As of the fiscal year end, the following financial institutions held public funds totaling:

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Iowa Savings Bank	\$ 2,758,778	\$ 2,604,299
Templeton Savings Bank	113,246	109,923

REGION XII COUNCIL OF GOVERNMENTS, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)  
June 30, 2004

Note 10 Long Term Notes Payable

The long term notes payable and classification are as follows:

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Region XII Council of Governments, Inc., has entered into a loan agreement with the United States Department of Agriculture, Intermediary Relending Program. The loan agreement, dated December 15, 2000, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. The repayment shall be made in 27 equal installments of \$25,470 including principle and interest beginning December 15, 2004. The loan agreement requires a restricted cash account to be maintained at 6% of the balance outstanding.	\$ 584,967	\$ 392,967
Region XII Council of Governments, Inc., has entered into an Amoco Loan Agreement with the Iowa Department of Transportation. The capital loan, dated February 29, 2000, is for the sum of \$36,950, no interest, payable in equal installments of \$7,390 for a term of 5 years beginning June 30, 2001.	7,390	14,780
Region XII Council of Governments, Inc., has entered into an Amoco Loan Agreement with the Iowa Department of Transportation. The capital loan, dated October 8, 2003, is for the sum of \$30,000, no interest, payable in equal installments of \$6,000 for a term of 5 years beginning December 31, 2004.	<u>24,636</u>	<u>0</u>
Total Notes Payable	616,993	407,747
Current Portion of Long Term Debt	<u>12,641</u>	<u>7,390</u>
Long Term Portion	\$ <u>604,352</u>	\$ <u>400,357</u>

Maturities of notes payable over the next five years are as follows:

June 30, 2004	\$ 0	\$ 7,390
June 30, 2005	12,641	12,641
June 30, 2006	25,666	25,666
June 30, 2007	25,863	25,863
June 30, 2008	26,062	26,062
June 30, 2009	26,262	26,262
Thereafter	<u>500,499</u>	<u>283,863</u>
Total	\$ <u>616,993</u>	\$ <u>407,747</u>

## SUPPLEMENTAL INFORMATION

REGION XII COUNCIL OF GOVERNMENTS, INC.  
COMBINING STATEMENTS OF FINANCIAL POSITION-PROGRAM FUNDS  
June 30, 2004

ASSETS	Rural Transit System Funds	Workforce Development	Other Planning & Administrative Programs	Total
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 201,549	\$ 1	\$ 1,966,209	\$ 2,167,759
Receivables:				
Grantor agencies	2,136	37,671	196,229	236,036
Other sources	81,864	0	93,579	175,443
Other funds	113,098	1,028	90,406	204,532
Prepaid expenses	<u>0</u>	<u>0</u>	<u>4,608</u>	<u>4,608</u>
Total current Assets	398,647	38,700	2,351,031	2,788,378
<b>PROPERTY AND EQUIPMENT</b>				
Land & building	1,070,258	0	509,097	1,579,355
Vehicles	1,563,961	0	64,381	1,628,342
Office equipment	<u>0</u>	<u>0</u>	<u>261,385</u>	<u>261,385</u>
	2,634,219	0	834,863	3,469,082
Less accumulated depreciation	<u>1,207,699</u>	<u>0</u>	<u>210,852</u>	<u>1,418,551</u>
	1,426,520	0	624,011	2,050,531
<b>OTHER ASSETS</b>				
Receivable from future claims or reimbursements	0	0	165,672	165,672
Housing Program loans	<u>0</u>	<u>0</u>	<u>2,215,817</u>	<u>2,215,817</u>
Total Assets	\$ <u>1,825,167</u>	\$ <u>38,700</u>	\$ <u>5,356,531</u>	\$ <u>7,220,398</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 18,223	\$ 6,518	\$ 80,573	\$ 105,314
Note payable	0	0	104,300	104,300
Current portion of long term debt	8,026	0	0	8,026
Accrued payroll and benefits	36,969	15,926	24,081	76,976
Accrued annual leave	0	11,974	58,151	70,125
Due to other funds	6,970	4,282	220,883	232,135
Deferred revenue	0	0	219,999	219,999
Capital match deposits	<u>91,590</u>	<u>0</u>	<u>0</u>	<u>91,590</u>
Total current liabilities	161,778	38,700	707,987	908,465
<b>LONG TERM LIABILITIES</b>				
Note payable	24,000	0	0	24,000
<b>NET ASSETS</b>				
Unreserved Net Assets				
Unreserved net assets	212,869	0	1,727,006	1,939,875
Health insurance reserves	0	0	81,710	81,710
Reserve for loans	0	0	2,215,817	2,215,817
Investment in property & Equip.	1,426,520	0	624,011	2,050,531
Temporarily Restricted Net Assets	0	0	0	0
Permanently Restricted Net Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	1,639,389	0	4,648,544	6,287,933
Total Liabilities and Net Assets	\$ <u>1,825,167</u>	\$ <u>38,700</u>	\$ <u>5,356,531</u>	\$ <u>7,220,398</u>

See accompanying Independent Auditor's Report.



REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 LOCAL FUNDS  
 Year Ended June 30, 2004

	<u>Local Funds</u>	<u>Loan Repayment Funds</u>	<u>Acquisition/ Demolition Repayment</u>	<u>Total</u>
Revenues:				
Program Funds	\$ 201,288	\$ 0	\$ 0	\$ 201,288
Loan Repayments	0	385,460	4,000	389,460
Interest	38,282	41,624	0	79,906
Donations	18,850	0	0	18,850
Other Revenues	<u>7,785</u>	<u>10,199</u>	<u>0</u>	<u>17,984</u>
Total revenues	<u>266,205</u>	<u>437,283</u>	<u>4,000</u>	<u>707,488</u>
Expenses:				
Salary & wages	0	17,299	17	17,316
Employee benefits	683	5,929	7	6,619
Advertising & marketing	0	81	0	81
Accounting & legal	138	3,667	0	3,805
Insurance	0	452	0	452
Fees, dues & subscriptions	0	88	0	88
Postage	473	787	1	1,261
Printing	294	13	0	307
Rent	0	1,480	2	1,482
Telephone	0	345	0	345
Travel	0	1,573	1	1,574
Utilities	0	390	1	391
Office expense	225	2,723	1	2,949
Equipment maintenance	0	125	0	125
Equipment rental	0	1,358	0	1,358
Facility maintenance	0	275	0	275
Board expenses	0	81	0	81
Registration fees	0	461	0	461
Vehicle expense	10,346	0	0	10,346
Participant loans & grants	0	212,326	0	212,326
Vehicle and equipment purchases	65,884	0	0	65,884
Interest	10	0	0	10
Matching funds expended	<u>81,168</u>	<u>81,259</u>	<u>0</u>	<u>162,427</u>
Total expenses	<u>159,221</u>	<u>330,712</u>	<u>30</u>	<u>489,963</u>
Revenue over (under) expenses	106,984	106,571	3,970	217,525
Beginning of year-net asset	<u>297,183</u>	<u>1,216,268</u>	<u>11,526</u>	<u>1,524,977</u>
End of Year-Net asset	\$ <u>404,167</u>	\$ <u>1,322,839</u>	\$ <u>15,496</u>	\$ <u>1,742,502</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
ADMINISTRATIVE FUNDS  
Year Ended June 30, 2004

	Community Administered <u>Support Programs</u>	Council of Government Assistance <u>2004-COG-01</u>	Regional Trans. Planning <u>#06499</u>	Housing Fund <u>Programs</u>
Revenues:				
Governmental Funding Source:				
State funds	\$ 0	\$ 9,375	\$ 5,000	\$ 0
Program funds/match	149,907	0	0	882,103
Donations	1,300	0	0	0
Interest	<u>176</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>151,383</u>	<u>9,375</u>	<u>5,000</u>	<u>882,103</u>
Expenses:				
Salary & wages	65,583	3,007	3,078	86,224
Employee benefits	18,747	864	929	27,116
Advertising & marketing	37	0	0	687
Accounting & legal	295	1,256	3	1,600
Insurance	1,787	2	73	2,238
Contracted services	0	0	0	8,955
Fees, dues & subscriptions	430	2	2	651
Postage	810	6	40	3,996
Printing	147	0	0	62
Rent	5,868	7	237	7,346
Telephone	1,136	5	42	1,843
Travel	3,973	228	157	8,906
Utilities	1,115	65	74	1,790
Office expense	4,100	159	151	5,764
Equipment maintenance	213	15	14	593
Equipment rental	1,556	8	147	6,198
Facility maintenance	863	49	33	1,200
Board expense	234	18	9	364
Registration fees	393	41	11	711
Participant loans & grants	0	0	0	739,427
Participant support	0	0	0	28,666
Matching funds expended	<u>47,308</u>	<u>3,643</u>	<u>0</u>	<u>0</u>
Total expenses	<u>154,595</u>	<u>9,375</u>	<u>5,000</u>	<u>934,337</u>
Revenue over (under) expenses	( 3,212)	0	0	( 52,234)
Beginning of year	<u>40,169</u>	<u>0</u>	<u>0</u>	<u>( 89,930)</u>
End of Year-Receivable from future claims	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ ( <u>142,164</u> )
End of Year - Deferred revenue	\$ <u>36,957</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

## Schedule 3

Iowa Waste Exchange <u>IWE04</u>	Iowa Highway 44 Corridor <u>2001-LU-01</u>	Regional Planning FTA Non-Urb <u>#06351</u>	Regional Planning REG. STP <u>#06351</u>	(Memo) <u>Total</u>
\$ 45,000	\$ 25,000	\$ 13,964	\$ 55,000	\$ 153,339
7,834	3	3,491	13,763	1,057,101
0	0	0	0	1,300
0	0	0	0	176
<u>52,834</u>	<u>25,003</u>	<u>17,455</u>	<u>68,763</u>	<u>1,211,916</u>
30,717	6,827	10,719	41,739	247,894
10,403	1,975	3,116	12,583	75,733
22	14	0	5	765
142	1	57	353	3,707
843	177	199	858	6,177
0	36,390	0	0	45,345
355	103	24	45	1,612
432	99	69	381	5,833
26	5	7	31	278
2,778	572	629	2,803	20,240
487	104	121	523	4,261
2,172	376	988	3,307	20,107
697	105	184	964	4,994
1,917	354	500	2,242	15,187
127	25	56	226	1,269
765	129	429	1,432	10,664
605	66	194	851	3,861
150	37	51	284	1,147
196	30	112	136	1,630
0	0	0	0	739,427
0	0	0	0	28,666
0	0	0	0	50,951
<u>52,834</u>	<u>47,389</u>	<u>17,455</u>	<u>68,763</u>	<u>1,289,748</u>
0	(22,386)	0	0	( 77,832)
<u>0</u>	<u>22,386</u>	<u>0</u>	<u>0</u>	<u>( 27,375)</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ ( <u>142,164</u> )
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>36,957</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 TRANSIT PROGRAMS  
 Year Ended June 30, 2004

	Rural Transit <u>Operating</u>	Section III <u>Capital</u>	Section 18 <u>Capital</u>	<u>Total</u>
Revenue:				
Governmental Funding Source:				
Federal	\$ 218,824	\$ 13,598	\$ 316,043	\$ 548,465
State transit assistance	277,336	0	0	277,336
Elderbridge Agency	33,220	0	0	33,220
United way	4,387	0	0	4,387
Public support & contribution	771,120	0	0	771,120
Capital match funds	0	3,400	72,864	76,264
Interest income	6,969	0	0	6,969
Fuel tax refund	11,752	0	0	11,752
Other local	5,622	0	0	5,622
Total Revenues	<u>1,329,230</u>	<u>16,998</u>	<u>388,907</u>	<u>1,735,135</u>
Expenses:				
Salaries & wages	112,549	0	0	112,549
Employee benefits	39,517	0	0	39,517
Advertising & marketing	4,317	0	0	4,317
Accounting & legal	4,257	0	0	4,257
Insurance	2,690	0	0	2,690
Contracted services	10,327	0	0	10,327
Fees, dues & subscriptions	4,189	0	0	4,189
Postage	1,630	0	0	1,630
Printing	78	0	0	78
Rent	1,440	0	0	1,440
Telephone	8,541	0	0	8,541
Travel	11,825	0	0	11,825
Utilities	12,258	0	0	12,258
Office expense	5,979	0	0	5,979
Equipment maintenance	453	0	0	453
Equipment rental	4,137	0	0	4,137
Facility maintenance	1,376	0	0	1,376
Board expense	529	0	0	529
Registration fees	2,579	0	0	2,579
Drivers' wages & benefits	682,525	0	0	682,525
Vehicle fuel & other costs	183,914	0	0	183,914
Vehicle insurance	79,429	0	0	79,429
Purchased services	109,896	0	0	109,896
Property and equip. purchases	25,282	16,998	388,907	431,187
Matching funds expended	49,222	0	0	49,222
Total Expenses	<u>1,358,939</u>	<u>16,998</u>	<u>388,907</u>	<u>1,764,844</u>
Revenue over (under) expenses	( 29,709)	0	0	( 29,709)
Beginning of year-net assets	<u>242,578</u>	<u>0</u>	<u>0</u>	<u>242,578</u>
End of Year-Net assets	\$ <u>212,869</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>212,869</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
WORKFORCE DEVELOPMENT PROGRAMS  
AGREEMENT NUMBER 1-W-08-FR-0  
Year Ended June 30, 2004

	WORKFORCE INVESTMENT ACT - TITLE I				
	<u>Admin.</u>	<u>Adult</u>	<u>Youth In School</u>	<u>Youth-Out Of School</u>	<u>Dislocated Worker</u>
Revenues:					
Governmental Funding Sources:					
Iowa Workforce Development	\$ <u>15,536</u>	\$ <u>49,317</u>	\$ <u>34,733</u>	\$ <u>30,577</u>	\$ <u>91,449</u>
Expenses:					
Salaries & wages	8,908	9,258	17,559	15,028	26,818
Employee benefits	2,109	3,026	5,180	4,707	8,450
Advertising & marketing	70	0	0	0	0
Accounting & legal	547	0	0	0	0
Insurance	196	412	454	439	907
Fees, dues & subscriptions	320	1	1	1	2
Postage	76	105	188	182	395
Printing	6	3	5	5	9
Rent	465	759	1,012	968	1,591
Telephone	159	167	229	217	377
Travel	933	673	1,614	1,474	2,498
Utilities	23	35	67	63	108
Office expense	330	366	542	514	905
Equipment maintenance	22	21	34	32	48
Equipment rental	93	113	238	203	441
Facility maintenance	14	17	54	51	96
Board expense	991	0	0	0	0
Registration fees	274	52	338	285	599
Training supplies	0	0	0	0	0
Participant support	0	34,309	7,218	6,408	48,205
Total expenses	<u>15,536</u>	<u>49,317</u>	<u>34,733</u>	<u>30,577</u>	<u>91,449</u>
Net	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

## Schedule 5

IOWA WORKFORCE DEVELOPMENT / STAFFING FISCAL AGENT						PROMISE JOBS STAFF	
General Admin	Promise Jobs	Re-employment Services	Surtax	Unemployment Insurance	Local Veteran Emp. Rep	Basic Funds	Life Skills
\$ <u>2,615</u>	\$ <u>12,230</u>	\$ <u>1,194</u>	\$ <u>56,606</u>	\$ <u>9,797</u>	\$ <u>2,025</u>	\$ <u>107,980</u>	\$ <u>14,847</u>
1,609	2,296	0	22,886	1,797	0	64,705	9,277
436	645	0	6,269	484	0	20,923	3,124
6	8	0	108	6	0	244	33
47	57	0	140	1	0	327	32
34	57	0	461	33	0	1,374	183
38	46	0	492	57	0	1,495	191
17	6	0	283	25	0	969	29
2	2	0	21	2	0	148	11
81	133	0	1,098	80	0	3,255	429
19	30	0	261	20	0	1,149	101
181	277	0	2,624	192	0	6,496	481
5	7	0	80	6	0	229	35
55	72	0	772	55	0	2,518	443
4	3	0	64	5	0	126	9
18	20	0	322	23	0	1,011	73
4	6	0	66	4	0	192	33
23	24	0	272	18	0	768	128
36	65	0	715	46	0	1,737	235
0	0	0	0	0	0	314	0
0	8,476	1,194	19,672	6,943	2,025	0	0
<u>2,615</u>	<u>12,230</u>	<u>1,194</u>	<u>56,606</u>	<u>9,797</u>	<u>2,025</u>	<u>107,980</u>	<u>14,847</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
WORKFORCE INVESTMENT ACT-SDA 11  
Year Ended June 30, 2004

Schedule 6

Health  
Careers  
Opportunity

Receipts:

Funding Sources:  
SDA 11-CIETC

\$ 11,740

Expenses:

Salaries & benefits	7,351
Employee benefits	2,017
Advertising & marketing	40
Accounting & legal	1
Insurance	174
 Fees, dues & subscriptions	 330
Postage	83
Printing	6
Rent	423
Telephone	97
 Travel	 702
Utilities	18
Office expense	241
Equipment maintenance	14
Equipment rental	109
 Facility maintenance	 8
Board expense	63
Registration fees	63
Total expenses	<u>11,740</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 RURAL COMMUNITY DEVELOPMENT INCENTIVE  
 Inter-regional Circuit Riders  
 Year Ended June 30, 2004

	IDED Grant No. <u>2001-E500-05</u>	USDA-RD <u>RCDI</u>
Revenues:		
Governmental Funding Sources:		
USDA-Rural Development	\$ 0	\$ 16,816
Iowa Department of Economic Development	17,429	0
Local	<u>38,632</u>	<u>0</u>
Total revenues	<u>56,061</u>	<u>16,816</u>
Expenses:		
Salaries wages	32,393	1,086
Employee benefits	10,428	387
Advertising & marketing	95	80
Accounting & legal	75	149
Insurance	818	19
Contracted Services	0	16,816
Fees, dues & subscriptions	155	1
Postage	418	9
Printing	32	0
Rent	2,694	61
Telephone	431	12
Travel	2,497	203
Utilities	796	13
Office expense	1,870	87
Equipment maintenance	143	5
Equipment rental	837	64
Facility maintenance	649	39
Board expense	176	2
Registration fees	<u>281</u>	<u>1</u>
Total expenses	<u>54,788</u>	<u>19,034</u>
Revenue over expenses	1,273	( 2,218)
Beginning of year	( <u>1,273</u> )	( <u>6</u> )
End of Year - Receivable from future claims	\$ <u><u>0</u></u>	\$ ( <u><u>2,224</u></u> )

See accompanying Independent Auditor's Report.



REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 CARROLL AREA NEW WORKFORCE COMMITTEE &  
 CARROLL AREA DEVELOPMENT CORPORATION  
 AGREEMENT # 2001-F320-151  
 Year Ended June 30, 2004

## Revenue:

## Governmental Funding Sources:

Iowa Dept of Economic Development	\$ 12,500
Local Match	<u>2,729</u>
Total revenue	<u>15,229</u>

## Expenses:

Participant grants	<u>23,950</u>
Total expenses	<u>23,950</u>

Revenue over (under) expenses	( 8,721)
Beginning of year	<u>8,721</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 HOUSING PRESERVATION PROGRAM  
 BORROWER ID # 160140421017843  
 Year Ended June 30, 2004

	8/16/03- 8/16/04	7/24/02- 9/01/03
Revenues:		
Governmental Funding Source:		
USDA-Rural Development	\$ 27,600	\$ 0
Local Program Funds	<u>8,371</u>	<u>0</u>
Total revenues	<u>35,971</u>	<u>0</u>
Expenses:		
Salaries & wages	9,844	0
Employee benefits	2,509	0
Advertising & marketing	24	0
Accounting & legal	199	0
Insurance	232	0
Fees, dues & subscriptions	40	0
Postage	429	0
Printing	11	0
Rent	767	0
Telephone	176	0
Travel	772	0
Utilities	239	0
Office expense	574	0
Equipment maintenance	73	0
Equipment rental	525	0
Facility maintenance	214	0
Board expense	53	0
Registration fees	61	0
Participant loans & grants	<u>40,513</u>	<u>4,277</u>
Total expenses	<u>57,255</u>	<u>4,277</u>
Revenue (under) expenses	(21,284)	( 4,277)
Beginning of year	<u>0</u>	<u>4,277</u>
End of year-Receiveable from future claims	\$ <u>(21,284)</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 ECONOMIC DEVELOPMENT PLANNING GRANT  
 AWARD NO. 05-83-03904  
 Year Ended June 30, 2004

## Revenues:

## Governmental Funding Sources:

Department of Commerce	\$ 51,000
Local	<u>17,000</u>
Total revenues	<u>68,000</u>

## Expenses:

Salaries & wages	42,016
Employee benefits	10,730
Advertising & marketing	19
Accounting & legal	184
Insurance	994
 Fees, dues & subscriptions	 217
Postage	568
Printing	27
Rent	3,269
Telephone	746
 Travel	 3,474
Utilities	1,065
Office expense	2,076
Equipment maintenance	171
Equipment rental	821
Facility maintenance	745
 Board expense	 176
Registration fees	<u>702</u>
Total expenses	<u>68,000</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 ACQUISITION/DEMOLITION/NEW CONSTRUCTION PROGRAMS  
 Year Ended June 30, 2004

	Iowa Finance Authority RHBI # 02	LHAP Award 01-LHAP-025
Revenues:		
Governmental Funding Sources:		
Department of Economic Development	\$       0	\$ 75,000
Iowa Finance Authority	<u>53,074</u>	<u>0</u>
Total revenues	<u>53,074</u>	<u>75,000</u>
Expenses:		
Participant grants	<u>36,937</u>	<u>53,129</u>
Total expenses	<u>36,937</u>	<u>53,129</u>
Revenue over (under) expenses	16,137	21,871
Beginning of year	<u>(16,137)</u>	<u>20,366</u>
End of year - deferred revenue	\$ <u>0</u>	\$ <u>42,237</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 DECATORIZATION PROGRAMS  
 Year Ended June 30, 2004

	Management DCAT-04-010	Parenting & Flexible Family DCAT-04-059	Crisis Care Funds DCAT-04-088	Methamphetamine Training DCAT-04-089
<u>Programs</u>				
Revenues:				
Governmental Funding Source:				
State funds	\$ <u>45,538</u>	\$ <u>21,891</u>	\$ <u>5,000</u>	\$ <u>1,951</u>
Expenses:				
Salary & wages	28,199	235	0	678
Employee benefits	7,708	68	0	103
Advertising & marketing	11	0	0	0
Accounting & legal	156	0	0	0
Insurance	676	6	0	0
Contracted services	0	21,491	5,000	1,036
Fees, dues & subscriptions	161	0	0	0
Postage	351	7	0	1
Printing	27	0	0	0
Rent	2,222	21	0	0
Telephone	393	3	0	0
Travel	1,793	12	0	59
Utilities	575	9	0	17
Office expense	1,449	11	0	35
Equipment maintenance	118	1	0	4
Equipment rental	821	20	0	0
Facility maintenance	540	5	0	13
Board expense	170	1	0	5
Registration fees	<u>168</u>	<u>1</u>	<u>0</u>	<u>0</u>
Total expenses	<u>45,538</u>	<u>21,891</u>	<u>5,000</u>	<u>1,951</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

## Schedule 13

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 JUVENILE JUSTICE YOUTH DEVELOPMENT PROGRAM  
 Year Ended June 30, 2004

	Contract # 04-JD02-F03 <u>Prevention</u>	Contract # 04-JD01-FS02
Revenues:		
Governmental Funding Sources:		
Division of Criminal and Juvenile Justice Planning	\$ <u>13,879</u>	\$ <u>15,314</u>
Expenses:		
Salaries & wages	0	1,246
Employee Benefits	0	407
Insurance	0	90
Contracted services	13,879	12,838
Fees, dues & subscriptions	0	7
Postage	0	5
Rent	0	295
Telephone	0	55
Travel	0	41
Utilities	0	1
Office expense	0	280
Equipment rental	0	48
Registration fees	<u>0</u>	<u>1</u>
Total expenses	<u>13,879</u>	<u>15,314</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 USDA RURAL DEVELOPMENT LEAD-BASED PAINT INSPECTION  
 CHILDHOOD LEAD POISONING PREVENTION PROGRAMS  
 Year Ended June 30, 2004

	Lead-Based Paint Inspection	Lead-Based Paint Inspection Order # 60-61KZ	Childhood Lead Poisoning Prevention Contract # 5884L14
Revenues:			
Governmental Funding Sources:			
USDA Rural Development	\$ 0	\$ 3,150	\$ 0
Iowa Department of Public Health	1,750	0	10,510
Local funds	<u>70,173</u>	<u>0</u>	<u>0</u>
Total revenues	<u>71,923</u>	<u>3,150</u>	<u>10,510</u>
Expenses:			
Salaries & wages	9,295	2,325	7,601
Employee benefits	3,279	825	2,724
Advertising & marketing	71	0	0
Accounting & legal	52	0	76
Insurance	266	0	6
Fees, dues & subscriptions	69	0	0
Postage	543	0	14
Printing	11	0	0
Rent	870	0	18
Telephone	236	0	5
Travel	1,746	0	34
Utilities	228	0	8
Office expense	1,537	0	15
Equipment maintenance	70	0	2
Equipment rental	550	0	4
Facility maintenance	154	0	1
Board expense	45	0	1
Registration fees	<u>45</u>	<u>0</u>	<u>1</u>
Total expenses	<u>19,067</u>	<u>3,150</u>	<u>10,510</u>
Revenue over (under) expenses	52,856	0	0
Beginning of Year	<u>12,253</u>	<u>0</u>	<u>0</u>
End of Year - Deferred revenue	\$ <u><u>65,109</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 PARTNERSHIP FOR FAMILIES EMPOWERMENT AREA  
 Year Ended June 30, 2004

	<u>School Ready</u>	<u>Early Childhood</u>
Revenues:		
Governmental Funding Sources:		
Partnerships 4 Families Empowerment Area	\$ 403,508	\$ 80,251
Interest earned	<u>3,875</u>	<u>419</u>
Total revenues	<u>407,383</u>	<u>80,670</u>
Expenses:		
Salaries & wages	10,113	2,280
Employee benefits	2,803	665
Advertising & marketing	7	2
Accounting & legal	2,154	181
Insurance	1,336	62
Contracted services	443,624	80,062
Fees, dues & subscriptions	266	12
Postage	121	23
Printing	6	1
Rent	773	201
Telephone	127	36
Travel	773	180
Utilities	232	45
Office expense	611	146
Equipment maintenance	42	8
Equipment rental	294	50
Facility maintenance	153	19
Board expense	220	85
Registration fees	<u>47</u>	<u>16</u>
Total expenses	<u>463,702</u>	<u>84,074</u>
Revenue over (under) expenses	( 56,319)	( 3,404)
Beginning of Year	<u>116,101</u>	<u>3,823</u>
End of Year - Deferred revenue	\$ <u><u>59,782</u></u>	\$ <u><u>419</u></u>

See accompanying Independent Auditor's Report.



COUNCIL OF GOVERNMENTS HOUSING, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
Year Ended June 30, 2004

	Housing <u>Trust Fund</u>	Administrative <u>Funds</u>
Revenues:		
Governmental Funding Source:		
State funds	\$ 100,000	\$ 0
Interest Income	0	5,363
Local funds & match	<u>25,000</u>	<u>700</u>
Total revenues	<u>125,000</u>	<u>6,063</u>
Expenses:		
Salaries & wages	471	1,021
Employee benefits	96	363
Advertising & marketing	0	4
Accounting & legal	0	34
Insurance	0	31
Contracted services	1,999	0
Fees, dues, & subscriptions	0	4
Postage	0	44
Printing	0	1
Rent	0	102
Telephone	0	24
Travel	1	87
Utilities	31	19
Office expense	3	156
Equipment maintenance	22	7
Equipment rental	2	102
Facility maintenance	0	13
Board expense	4	67
Registration fee	147	35
Participant loans & grants	4,460	0
Matching funds	<u>0</u>	<u>16,000</u>
Total expenses	<u>7,236</u>	<u>18,114</u>
Revenue over expenses	117,764	(12,051)
Beginning of Year	<u>0</u>	<u>19,593</u>
End of Year - Net assets	\$ <u><u>0</u></u>	\$ <u><u>7,542</u></u>
End of Year - Deferred Revenue	\$ <u><u>117,764</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII DEVELOPMENT CORPORATION, INC.  
 SCHEDULE OF REVENUE AND EXPENSES  
 Year Ended June 30, 2004

	Intermediary Relending Program		Rural Business Enterprise Grant	Long-Term Economic Deterioration Revolving Loan Fund
	Admin. and Repayment Fund	Loan Fund	Admin. and Repayment Fund	Admin. and Repayment Fund
Revenues:				
Governmental Funding Source:				
Federal grants	\$ 0	\$ 192,000	\$ 0	\$ 0
Loan repayment	46,459	0	24,172	120,138
Interest Income	37,414	0	11,001	22,868
Local funds & match	<u>2,193</u>	<u>0</u>	<u>1,325</u>	<u>473</u>
Total revenues	<u>86,066</u>	<u>192,000</u>	<u>36,498</u>	<u>143,479</u>
Expenses:				
Salaries & wages	370	0	943	3,000
Employee benefits	148	0	298	848
Accounting & Legal	962	0	78	380
Insurance	10	0	28	100
Fees, dues & subscriptions	0	0	103	108
Postage	6	0	12	31
Printing	102	0	1	4
Rent	32	0	91	333
Telephone	5	0	21	77
Travel	29	0	44	158
Utilities	9	0	14	38
Office expense	217	0	150	385
Equipment maintenance	2	0	3	9
Equipment rental	9	0	17	60
Facility maintenance	7	0	19	57
Board expense	295	0	111	305
Registration	12	0	20	42
Participant loans	0	240,000	80,000	99,500
Interest	<u>4,287</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>6,502</u>	<u>240,000</u>	<u>81,953</u>	<u>105,435</u>
Revenue over (under) expenses	79,564	( 48,000)	( 45,455)	38,044
Beginning of Year	<u>101,059</u>	<u>(341,290)</u>	<u>186,555</u>	<u>137,210</u>
End of Year - Net assets	\$ <u>180,623</u>	\$ <u>(581,291)</u>	\$ <u>141,100</u>	\$ <u>175,254</u>
Note Payable-Dept. of Agriculture		\$ <u>192,000</u>		

See accompanying Independent Auditor's Report.

Schedule 18

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2004

<u>Federal Direct:</u>	<u>CFDA #</u>	<u>Agreement or Grant Number</u>	<u>Total Expenditures</u>
<u>Department of Agriculture:</u>			
Housing Preservation Grant	10.433	160140421017843	101,532
Intermediary Relending Program	10.767	Loan Agreement	240,000
Rural Community Dev. Incentive	10.446	RCDI	<u>19,034</u>
Total Department of Agriculture			\$ <u>360,566</u>
 <u>Department of Commerce - EDA:</u>			
Economic Development Planning Grant	11.302	05-83-03904	\$ <u>68,000</u>
 <u>Federal Indirect:</u>			
<u>Department of Justice:</u>			
Juvenile Justice Youth Development	16.523	04-JD01-FS02	15,314
Juvenile Justice Youth Development	16.540	04-JD02-F03	573
Juvenile Justice Youth Development	16.523	04-JD02-F03	12,251
Juvenile Justice Youth Development	16.727	04-JD02-F03	<u>1,055</u>
Total Department of Justice			\$ <u>29,193</u>
 <u>Department of Labor:</u>			
<u>Iowa Workforce Development</u>			
WIA - Title I Admin.	17.258, 59, 60		15,536
WIA - Title I Adult	17.258		49,317
WIA - Title I Youth	17.259		65,310
WIA - Title I Dislocated Workers	17.260		91,449
IWD - Unemployment	17.225		9,797
IWD - Local Veteran Emp. Rep.	17.804		2,025
<u>SDA 11-Central Iowa Employment &amp; Training Consortium</u>			
Health Careers Opportunity	17.246	CIETC	<u>11,740</u>
Total Department of Labor			\$ <u>245,174</u>
 <u>Department of Transportation:</u>			
Capital Assistance	20.509	18-4024-120-04	218,824
Section III/Capital	20.500	03-0095-120-02	16,998
Section 18/Capital	20.509	18-0023-120-02	388,907
Regional Planning Affiliation	20.515	REG STP-#06351	68,763
Regional Planning Affiliation	20.515	FTA #06351	17,455
Regional Transportation Planning	20.515	#06499	<u>5,000</u>
Total Department of Transportation			\$ <u>715,947</u>
 <u>Department of Mediation and Conciliation Service</u>			
<u>Iowa Workforce Development</u>			
Re employment	34.002		\$ <u>1,194</u>
 <u>Department of Health &amp; Human Services:</u>			
Childhood Lead Poisoning Prevention	93.197	Order # 60-61KZ	3,150
Early Childhood	93.575	02-03EMP-30	3,823
Early Childhood	93.575	03-04EMP-30	80,251
<u>Iowa Workforce Development</u>			
Promise Jobs	93.558		<u>135,057</u>
Total Department of Health & Human Services			\$ <u>222,281</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - WORKFORCE DEVELOPMENT PROGRAMS  
 AGREEMENT NUMBER 1-W-08-FR-0  
 July 1, 2002 through June 30, 2004

	WORKFORCE INVESTMENT ACT - TITLE I			
	<u>Admin.</u>	<u>Adult</u>	<u>Youth</u>	<u>Disloc. Worker</u>
Revenues:				
Governmental Funding Sources:				
Iowa Workforce Development	\$ <u>23,358</u>	\$ <u>49,742</u>	\$ <u>59,236</u>	\$ <u>101,260</u>
Expenses:				
Salaries & wages	13,968	14,007	29,268	24,838
Employee benefits	3,318	4,558	9,297	7,971
Advertising & marketing	67	0	0	0
Accounting & legal	843	0	0	0
Insurance	227	442	646	680
Contracted services	3	7	16	5
Fees, dues & subscriptions	350	1	1	2
Postage	68	126	242	188
Printing	17	5	12	4
Rent	678	1,160	2,310	1,798
Telephone	289	255	501	420
Travel	1,546	963	1,756	1,751
Utilities	38	94	213	168
Office expense	459	636	1,347	767
Equipment maintenance	35	33	62	44
Equipment rental	83	150	220	237
Facility maintenance	25	65	138	123
Board expense	1,029	0	0	0
Registration fees	315	136	481	0
Participant support	<u>0</u>	<u>27,104</u>	<u>12,726</u>	<u>62,264</u>
Total expenses	<u>23,358</u>	<u>49,742</u>	<u>59,236</u>	<u>101,260</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - WORKFORCE INVESTMENT ACT - SDA 11  
 HEALTH CAREERS OPPORTUNITY  
 Program Period December 14, 2001 through December 15, 2003

## Revenues:

## Funding Sources:

SDA 11-CIETC	\$ <u>30,703</u>
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## Expenses:

Salaries & wages	19,401
Employee benefits	5,731
Advertising & marketing	213
Accounting & legal	5
Insurance	291
Contracted services	35
Fees, dues & subscriptions	414
Postage	127
Printing	59
Rent	954
Telephone	226
Travel	1,904
Utilities	58
Office expense	611
Equipment maintenance	66
Equipment rental	151
Facility maintenance	46
Board expense	226
Registration fees	<u>185</u>
Total expenses	<u>30,703</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 JUVENILE JUSTICE YOUTH DEVELOPMENT PROGRAM  
 COMPLETED CONTRACT NO. 04-JD01-F502  
 October 1, 2002 through September 30, 2003

	Admin. <u>Title V</u>	<u>Prevention</u>	<u>Sanction</u>	Enforcing Under Age Drinking <u>Laws</u>
Revenues:				
Governmental Funding Sources:				
Division of Criminal and Juvenile Justice Planning	\$ <u>4,514</u>	\$ <u>3,375</u>	\$ <u>25,975</u>	\$ <u>3,925</u>
Expenses:				
Salaries & wages	2,512	0	0	0
Employee benefits	758	0		0
Insurance	103	0	0	0
Contracted services	0	3,375	25,975	3,925
Fees, dues, & subscriptions	18	0	0	0
Postage	12	0	0	0
Rent	409	0	0	0
Telephone	75	0	0	0
Travel	124	0	0	0
Utilities	42	0	0	0
Office Expense	365	0	0	0
Equipment maintenance	23	0	0	0
Equipment rental	63	0	0	0
Facility maintenance	6	0	0	0
Board expense	3	0	0	0
Registration fees	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>4,514</u>	<u>3,375</u>	<u>25,975</u>	<u>3,925</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - HOUSING PRESERVATION GRANT  
 BORROWER ID # 160140421017843  
 August 16, 2002 through August 16, 2003

## Revenue:

## Governmental Funding Sources:

Farmers Home Administration	\$ 44,220
Local Match	<u>6,633</u>
Total revenue	<u>50,853</u>

## Expenses:

Salaries & wages	6,631
Employee benefits	2,993
Advertising & marketing	104
Accounting & legal	32
Insurance	77
Contracted services	16
Fees, dues, & subscriptions	54
Postage	291
Printing	9
Rent	667
Telephone	192
Travel	1,178
Utilities	178
Office Expense	279
Equipment maintenance	56
Equipment rental	156
Facility maintenance	155
Board expense	27
Registration fees	171
Participant loans and grants	<u>37,587</u>
Total expenses	<u>50,853</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
COMPLETED CONTRACT - CARROLL NEW IOWANS PROJECT  
Agreement 2001-F320-151  
May 25, 2001 through December 31, 2003

## Revenues:

## Governmental Funding Source:

Iowa Department of Economic Development	\$ 50,000
Local Match	<u>12,500</u>
Total revenue	62,500

## Expenses:

Contracted services	<u>62,500</u>
Total expenses	<u>62,500</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.



REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
COMPLETED CONTRACT - RURAL HOME BUILDING INITIATIVE  
Project # RHBI #2  
October 25, 2000 through January 5, 2004

Revenues:

Governmental Funding Sources:

Iowa Finance Authority \$ 137,046

Expenses:

Contracted services 137,046

Net \$ 0

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - PARTNERSHIP FOR FAMILIES EMPOWERMENT AREAS  
 SCHOOL READY CHILDREN SERVICES & EARLY CHILDHOOD PROGRAM  
 Grant No. 02-03EMP-30  
 July 1, 2002 through June 30, 2004

	<u>Early Childhood</u>	<u>School Ready</u>
Revenues:		
Governmental Funding Sources:		
Partnerships for Families Empowerment Area	\$ 70,070	\$ 548,309
Interest earned	<u>318</u>	<u>7,769</u>
Total revenues	<u>70,388</u>	<u>556,078</u>
Expenses:		
Salaries & wages	789	36,516
Employee benefits	235	10,046
Advertising & marketing	28	53
Accounting & legal	181	1,872
Insurance	1	395
Contracted services	66,913	494,882
Fees, dues & subscriptions	0	213
Postage	4	461
Printing	0	67
Rent	7	3,446
Telephone	5	618
Travel	114	2,462
Utilities	29	766
Office expense	51	2,105
Equipment maintenance	5	272
Equipment rental	7	543
Facility maintenance	9	763
Board expense	1,110	132
Board liability insurance	900	0
Registration fees	<u>0</u>	<u>466</u>
Total expenses	<u>70,388</u>	<u>556,078</u>
Net	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - RURAL/COMMUNITY PLANNING & DEVELOPMENT  
 TARGETED HOUSING ASSISTANCE PROJECT  
 Grant Agreement 2001-E500-05  
 January 1, 2001 through June 30, 2004

## Revenues:

## Governmental Funding Sources:

Iowa Department of Economic Development	\$ 45,825
Local Match	<u>45,900</u>
Total revenues	<u>91,725</u>

## Expenses:

Salaries & wages	54,120
Employee benefits	16,606
Advertising & marketing	1,239
Accounting & legal	103
Insurance	1,043
Contracted services	94
Fees, dues & subscriptions	284
Postage	704
Printing	68
Rent	4,689
Telephone	787
Travel	3,822
Utilities	1,259
Office expense	3,018
Equipment maintenance	294
Equipment rental	1,843
Facility maintenance	1,138
Board expense	273
Registration fees	<u>341</u>
Total expenses	<u>91,725</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
 SCHEDULE OF REVENUES AND EXPENSES  
 COMPLETED CONTRACT - RURAL/COMMUNITY PLANNING & DEVELOPMENT LAND USE PROJECT  
 IOWA HIGHWAY 44 CORRIDOR  
 Agreement 2001-LU-01  
 January 1, 2001 through April 30, 2004

## Revenues:

## Governmental Funding Sources:

Iowa Department of Economic Development	\$ 50,000
Local Match	<u>23,500</u>
Total revenues	<u>73,500</u>

## Expenses:

Salaries & wages	6,827
Employee benefits	1,975
Advertising & marketing	14
Accounting & legal	2
Insurance	177
Contracted services	62,191
Fees, dues & subscriptions	103
Postage	99
Printing	317
Rent	572
Telephone	104
Travel	376
Utilities	105
Office expense	351
Equipment maintenance	25
Equipment rental	129
Facility maintenance	66
Board expense	37
Registration fees	<u>30</u>
Total expenses	<u>73,500</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

# John D. Morrow

Certified Public Accountant

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November 23, 2004

## RTS CERTIFICATION BY INDEPENDENT AUDITOR

To the Board of Directors  
Region XII Council of Governments, Inc.  
Carroll, Iowa

I have audited the contracting opportunities and Disadvantaged Business Enterprise and Women Business Enterprise participation summary of Region XII Council of Governments, Inc. (Transit System). My audit of the report details included tests of accounting records, purchase orders, and contracts issued to Disadvantaged Business Enterprise and Women Business Enterprise firms as we considered necessary to verify that the information reported corresponds with the transit system's financial statements and other official documentation. It was not within the scope of my audit to make any assurances about the eligibility of any firm to be certified as a Disadvantage Business Enterprise or Women Business Enterprise, since the Iowa Department of Transportation assumes this responsibility. Tests were conducted to assure that this information fairly reflects the transit system's efforts to comply with Section 105(f) and Subpart D of the Surface Transportation Assistance Act of 1982.

The tests of accounting records and inquiries with management indicated that effort is made to identify Disadvantaged Business Enterprises and Women Business Enterprise. Management has procedures which identify current vendors as eligible to be certified as a Disadvantaged Business Enterprise and Women Business Enterprise.

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November 23, 2004

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors  
Region XII Council of Governments, Inc.  
Carroll, Iowa

I have audited the combined financial statements of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years ended June 30, 2004 and 2003, and have issued my report thereon dated November 23, 2004. I conducted the audit in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the COG's financial statements are free of material misstatement, I performed tests of the COG's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the COG's operations for the years ended June 30, 2004 and 2003 are based exclusively on knowledge obtained from procedures performed during my audit of the combined financial statements of the COG. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Region XII Council of Governments Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the COG's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions, if any, are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

Independent Auditor's Report  
on Compliance and on Internal  
Control Over Financial Reporting  
November 23, 2004  
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended solely for the information of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Region XII Council of Governments during the course of the audit.

Should you have any question concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

# John D. Morrow

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November 23, 2004

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors  
Region XII Council of Governments, Inc.  
Carroll, Iowa

I have audited the compliance of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2004 and 2003. The COG's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the COG's management. My responsibility is to express an opinion on the COG's compliance based on my audit.

I conducted my audit of compliance in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the COG's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on compliance with those requirements.

In my opinion Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2004 and 2003. Instances of non-compliance with those requirements, if any, are described in Part III of the accompanying Schedule of Findings and Questioned Costs



Internal Control Over Compliance

The management of the COG is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Region XII Council of Governments, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended solely for the information of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report. This report is not intended to be and should not be used by anyone other than these specified parties.

REGION XII COUNCIL OF GOVERNMENTS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2004

Part I: Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Noncompliance material to financial statements noted?	No matters were reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133. Section .510(a)?	No matters were reported
Identification of major programs:	
Department of Transportation	20.509
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 500,000
Auditee qualified as low risk.	

Part II: Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards.

No matters were reported

Part III: Findings and questioned costs for Federal Awards which shall include audit findings as defined in OMB Circular A-133.

No matters were reported